

Message Text

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STRIKES AVOIDED

REF: ROME 20451

1. SUMMARY. ITALY'S GOVERNMENT AND TRI-CONFEDERAL UMBRELLA
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LABOR FEDERATION (CCU) AGREED DECEMBER 16 ON A NEW THREE-YEAR
CONTRACT COVERING PUBLIC EMPLOYEES. CCU-AFFILIATED UNIONS
CANCELLED STRIKE PLANS, BUT SOME SMALL BUT STRATEGICALLY-
PLACED AUTONOMOUS UNIONS (PARTICULARLY IN THE RAIL SECTOR)
STILL PLAN STRIKES UNLESS GOI ACCEPTS THEIR HIGHER CONTRACT
DEMANDS. THE CCU UNIONS GOT MOST OF WHAT THEY ASKED, BUT

INCREASES ARE STAGED AND 1977 COSTS ARE LESS THAN THE ONE TRILLION LIRE MAXIMUM PREVIOUSLY SPECIFIED BY GOI. END SUMMARY

2. PM ANDREOTTI AND HIS ECONOMIC MINISTERS HELD ANOTHER MARATHON SESSION DECEMBER 16 WITH NATIONAL AND PUBLIC EMPLOYEE SECTOR LEADERS FROM THE THREE CONFEDERATIONS IN THE CGIL-CISL-UIL FEDERATION (CCU). THEY AGREED ON NEW THREE YEAR CONTRACTS FOR THE VARIOUS SECTORS OF PUBLIC EMPLOYEES (MORE THAN 2 MILLION EMPLOYEES) SUBJECT TO GRATIFICATION BY THE EMPLOYEES. UNION LEADERS EXPRESSED DISSATISFACTION AT THE RESULTS, WHICH COME CLOSE TO MEETING UNION DEMANDS.

3. CONTRACT TERMS ARE AS FOLLOWS: (1) A 30,000 LIRE INCREASE IN 1976 13TH MONTH PAY, DUE THIS MONTH, (THIS INTEGRATES PART OF THE NON-BASE SALARY PORTION OF THE MONTHLY PAY PACKET INTO THE 13TH MONTH PAY); (2) RETROACTIVE PAYMENT AT THE END OF JANUARY 1977 OF 10,000 LIRE PER MONTH SINCE THE OLD CONTRACT EXPIRED (I.E., SINCE JANUARY 1, 1976, FOR MINISTERIAL AND POST, TEL AND TEL EMPLOYEES; SINCE JUNE 1, FOR TEACHERS AND SINCE JULY 1 FOR RAILROAD AND OTHER PUBLIC ENTITY EMPLOYEES); (3) AN ADDITIONAL 15,000 LIRE A MONTH RAISE FOR ALL STARTING FEBRUARY 1, 1977; (4) AN ADDITIONAL 15,000 LIRE INCREASE IN 13TH MONTH PAY FOR DECEMBER 1977 (TO INCORPORATE MORE OF THE NON-BASE-SALARY PAY); (5) NEW PERSONNEL REGULATIONS EFFECTIVE JURIDICALLY ONE YEAR AFTER CONTRACT DATE AND EFFECTIVE ECONOMICALLY TWO YEARS AFTER; AND (6) FULL INTEGRATION OF THE 13TH MONTH PAY FOR DECEMBER 1978. THE MOST EXPENSIVE ITEM, PAY CLASS ADJUSTMENTS UNDER THE NEW PERSONNEL REGULATIONS, WILL NOT TAKE EFFECT UNTIL 1978, AND WILL BE STAGED DURING LIMITED OFFICIAL USE

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THE YEAR (MINISTERIAL EMPLOYEES JANUARY 1; POST, TEL AND TEL MAY 1; AND OTHER OCTOBER 1).

4. ACCORDING TO MOST PRESS REPORTS, COST PER MONTH PER EMPLOYEE UNDER THE NEW CONTRACT WILL EVENTUALLY REACH 50,000 LIRE, BUT NOT UNTIL 1978. THEY ESTIMATE THE GOI'S TOTAL COST INCREASE AT 900 BILLION IN 1977 (INCLUDING THE DECEMBER 1976 13TH MONTH INCREASE AND RETROACTIVE WAGE INCREASES FOR 1976) AND 1.8 TRILLION IN 1978. TOTAL COST INCREASES OVER THE TERM OF THE CONTRACT WERE THUS ESTIMATED AT 2.1 TRILLION LIRE, BUT ONE UNION SPOKESMAN ESTIMATED THEM AT 2.5 TRILLION.

5. CCU UNIONS ANNOUNCED CANCELLATION OF PLANS FOR A NATION-WIDE GENERAL STRIKE DECEMBER 21 AND SUCCESSIVE "ARTICULATED" STRIKES. SMALL BUT STRATEGICALLY-LOCATED AUTONOMOUS UNIONS ARE REPORTEDLY PERSISTING IN THEIR STRIKE PLANS (INCLUDING A FOUR-DAY RAIL STRIKE AROUND NEW YEAR'S) HOLDING OUT FOR LARGE INCREASES.

6. COMMENT. THE PUBLIC EMPLOYEE SETTLEMENT REMOVES A MAJOR OBSTACLE TO PROGRESS IN THE GENERAL AUSTERITY TALKS BETWEEN THE ANDREOTTI GOVERNMENT AND THE CGIL-CISL-UIL FEDERATION SCHEDULED TO RESUME DECEMBER 29, AND CREATES A MORE TRANQUIL CLIMATE FOR THE HOLIDAYS. BEAUDRY

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